

FISCAL NOTE

SB 3126 - HB 3297

March 5, 2008

SUMMARY OF BILL: Requires the Division of Mental Retardation Services (DMRS) to determine the specific needs of each person on the home- and community-based services (HCBS) waiting list, offer assistance through mentoring and start-up support for community agencies, and increase the self-determination (SD) waiver population by at least 720 additional service recipients and the comprehensive services waiver population by at least 480 additional service recipients by June 30, 2009.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$141,992,200/FY08-09
\$264,729,100/FY09-10 and Subsequent Years**

**Other Fiscal Impact – Increase Federal Expenditures –
\$172,962,000/FY08-09
\$320,938,324/FY09-10 and Subsequent Years**

(Funding of \$7,755,600 is included in the Governor's FY08-09 Recommended Budget)

Assumptions:

- DMRS uses the Inventory for Client and Agency Planning (ICAP) to determine the needs of individuals receiving services. The current DMRS contract for scoring and administering the ICAP is \$348.45 per individual.
- According to DMRS, there were 6,329 individuals on the waiting list as of December 31, 2007. DMRS estimates that there are an additional 95 individuals added to the wait list each month resulting in an increase of 570 (95 x 6 months) individuals on the wait list by June 30, 2008, resulting in a total of 6,899 individuals. The one-time increase in expenditures to administer the ICAP for these individuals is \$2,403,957 (6,899 x \$348.45).
- Of the \$2,404,000, five percent (\$120,200) will be state funded through DMRS and 95 percent (\$2,283,800) will be funded through TennCare. The TennCare funds are subject to a 50 percent federal match rate resulting in an increase in state expenditures of \$1,141,900 and federal expenditures of \$1,141,900.

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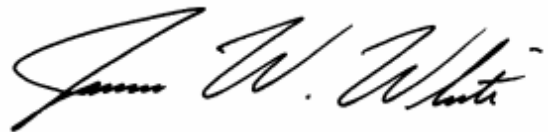
- The increase in recurring expenditures starting in FY08-09 is estimated to be \$397,233 (95 per month x 12 months x \$348.45).
- Of the \$397,200, five percent (\$19,860) will be state funded through DMRS and 95 percent (\$377,340) will be funded through TennCare. The TennCare funds are subject to a 50 percent federal match rate resulting in an increase in state expenditures of \$188,670 and federal expenditures of \$188,670
- DMRS will need one additional mental retardation program specialist in each region to meet the mentoring requirements resulting in an increase in expenditures of \$169,200 for salaries and benefits (\$56,400 per position) for three positions.
- DMRS estimates expenditures of \$1,300,000 for start-up grants.
- Of the total administrative expenditures of \$1,469,200, five percent (\$73,460) will be state funded through DMRS and 95 percent (\$1,395,740) will be funded through TennCare. The TennCare funds are subject to a 50 percent federal match rate resulting in an increase in state expenditures of \$697,870 and federal expenditures of \$697,870.
- Each month, DMRS will increase the SD waiver population by 60 service recipients at a rate of \$82.19 per day (\$30,000 annual cap/365 days).
- Starting in the first month of FY08-09, the increase in expenditures will be \$152,873. Each following month, the population will increase by 60 recipients until there are a total of 720 service recipients resulting in an increase in expenditures of \$11,657,830 in FY08-09. Expenditures for FY09-10 and thereafter are based on 720 service recipients receiving a full year of services resulting in an increase of \$21,599,532 (720 x \$82.19 x 365).
- The DMRS state wrap around of five dollars per enrollee per day will result in an increase in state expenditures of \$709,200 in FY08-09 and \$1,314,000 in FY09-10 and subsequent years.
- Each month, DMRS will increase the comprehensive services waiver population by 40 service recipients at a rate of \$202 per day.
- Starting in the first month of FY08-09, the increase in expenditures will be \$250,480. Each following month, the population will increase by 40 recipients until there are a total of 480 service recipients resulting in an increase in expenditures of \$19,101,120 in FY08-09. Expenditures for FY09-10 and thereafter are based on 480 service recipients receiving a full year of services resulting in an increase of \$35,390,400 (480 x \$202 x 365).
- The DMRS state wrap around of \$11 per enrollee per day will result in an increase in state expenditures of \$1,040,160 in FY08-09 and \$1,927,200 in FY09-10 and subsequent years.
- The increase in expenditures related to increasing the population of both waivers will be funded through TennCare at a state rate of 35.862 percent and a federal match rate of 64.138 percent. Of the \$30,758,950 in FY08-09, \$11,030,775 will be state funds and \$19,728,175 will be

federal funds. Of the \$56,989,932 in FY09-10 and thereafter, \$20,437,729 will be state funds and \$36,552,203 will be federal funds.

- The Bureau of TennCare estimates that 85 percent, or 4,844 $((6,899 - 720 - 480) \times .85)$ of the remaining individuals on the waiting list will be eligible for Medicaid, either through the TennCare state plan or DMRS.
- These 4,844 will receive services at an average rate of \$250 per day. These service recipients will be phased in throughout FY08-09 resulting in an increase in expenditures of \$214,416,800. Expenditures for FY09-10 and thereafter are based on 4,844 service recipients receiving a full year of services resulting in an increase of \$442,015,000 $(4,844 \times \$250 \times 365)$.
- These services will be funded through TennCare at a state rate of 35.862 percent and a federal match rate of 64.138 percent. Of the \$235,750,000 in FY08-09, \$84,544,665 will be state funds and \$151,205,335 will be federal funds. Of the \$442,015,000 in FY09-10 and thereafter, \$158,515,419 will be state funds and \$283,499,581 will be federal funds.
- The remainder of the individuals on the waiting list, 855, will be state funded. These will be phased in over FY08-09 resulting in an increase in expenditures of \$41,681,250. Expenditures for FY09-10 and thereafter are based on 855 service recipients receiving a full year of services resulting in an increase of \$78,018,750 $(855 \times \$250 \times 365)$.
- The DMRS state wrap around of two dollars per enrollee per day will result in an increase in state expenditures of \$1,886,040 in FY08-09 and \$3,536,120 in FY09-10 and subsequent years.
- According to the Department of Finance and Administration, \$7,755,600 in state and federal funds is included in the FY08-09 Budget Document for an increase of 72 service recipients in the comprehensive services waiver and 528 service recipients in the self-determination waiver.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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